

PERAC

COMMONWEALTH OF MASSACHUSETTS | PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION

PHILIP Y. BROWN, ESQ., *Chairman*

JOSEPH E. CONNARTON, *Executive Director*

Auditor SUZANNE M. BUMP | KATHLEEN M. FALLON | KATE FITZPATRICK | JAMES M. MACHADO | ROBERT B. MCCARTHY | JENNIFER F. SULLIVAN

MEMORANDUM

TO: Taunton Retirement Board

FROM: Joseph E. Connarton, Executive Director

RE: Approval of Funding Schedule

DATE: November 16, 2016

This Commission is hereby furnishing you with approval of the revised funding schedule you recently adopted (copy enclosed). The schedule assumes payments are made quarterly each fiscal year. The schedule is effective in FY17 (since the amount under the prior schedule was maintained in FY17) and is acceptable under Chapter 32.

The revised schedule reflects a 7.75% investment return assumption (a reduction from the 8.0% assumption used in the prior valuation) and the adoption of a fully generational mortality assumption. The schedule also reflects the adoption of other demographic assumptions based on a recent experience study performed by your actuary. Although the revised assumptions are less conservative than the current standard PERAC assumptions, which we continue to believe are reasonable, we have not performed a recent experience analysis for local systems to compare our findings with the results of your study.

As noted above, the revised schedule maintains the FY17 appropriation. However, the revised schedule reduces the FY18 appropriation from the prior schedule by approximately \$120,000. The FY19 amount is reduced by approximately \$300,000 from the prior schedule. We often find that once a pension budget has been reduced, it is difficult to increase it in future years. So if we were preparing the funding schedules, we would have tried to provide a schedule with FY18 and FY19 amounts closer to that of the prior schedule. This could be accomplished by either reducing the schedule by a year or two, and/or adjusting the amortization basis.

If you have any questions, please contact PERAC's Actuary, Jim Lamenzo, at (617) 666-4446, extension 921.

Enc.

FIVE MIDDLESEX AVENUE, SUITE 304 | SOMERVILLE, MA 02145
PH 617 666 4446 | FAX 617 628 4002 | TTY 617 591 8917 | WWW.MASS.GOV/PERAC



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Appropriation Forecast

Fiscal			Employer	Amortization	Employer	Employer	
Year		Employee	Normal Cost	Payments	Total Cost	Total Cost	Funded
Ending	Payroll*	Contribution	with Interest	with Interest	with Interest	% of Payroll	Ratio %**
2017	\$59,156,684	\$5,235,481	\$3,275,480	\$12,089,585	\$15,365,065	26.0	74.9
2018	\$61,818,735	\$5,524,756	\$3,365,588	\$12,509,459	\$15,875,047	25.7	77.3
2019	\$64,600,578	\$5,829,464	\$3,457,173	\$12,888,845	\$16,346,018	25.3	79.8
2020	\$67,507,604	\$6,150,408	\$3,550,185	\$13,279,798	\$16,829,983	24.9	82.3
2021	\$70,545,446	\$6,488,432	\$3,644,567	\$13,682,672	\$17,327,239	24.6	84.8
2022	\$73,719,991	\$6,844,424	\$3,740,254	\$13,961,766	\$17,702,020	24.0	87.3
2023	\$77,037,391	\$7,219,316	\$3,837,173	\$14,383,471	\$18,220,644	23.7	89.8
2024	\$80,504,073	\$7,614,089	\$3,935,241	\$14,817,955	\$18,753,196	23.3	92.3
2025	\$84,126,757	\$8,029,772	\$4,034,365	\$15,265,607	\$19,299,972	22.9	94.8
2026	\$87,912,461	\$8,467,448	\$4,134,441	\$15,726,830	\$19,861,271	22.6	97.4
2027	\$91,868,521	\$8,928,254	\$4,235,354	\$0	\$4,235,354	4.6	100.0
2028	\$96,002,605	\$9,413,386	\$4,336,977	\$0	\$4,336,977	4.5	100.0
2029	\$100,322,722	\$9,924,101	\$4,439,170	\$0	\$4,439,170	4.4	100.0
2030	\$104,837,245	\$10,461,718	\$4,541,777	\$0	\$4,541,777	4.3	100.0
2031	\$109,554,921	\$11,027,623	\$4,644,630	\$0	\$4,644,630	4.2	100.0
2032	\$114,484,892	\$11,623,276	\$4,747,543	\$0	\$4,747,543	4.1	100.0
2033	\$119,636,712	\$12,250,206	\$4,850,312	\$0	\$4,850,312	4.1	100.0
2034	\$125,020,364	\$12,910,023	\$4,952,717	\$0	\$4,952,717	4.0	100.0
2035	\$130,646,281	\$13,604,417	\$5,054,516	\$0	\$5,054,516	3.9	100.0
2036	\$136,525,363	\$14,335,163	\$5,155,448	\$0	\$5,155,448	3.8	100.0
2037	\$142,669,004	\$14,980,245	\$5,387,443	\$0	\$5,387,443	3.8	100.0
2038	\$149,089,110	\$15,654,357	\$5,629,878	\$0	\$5,629,878	3.8	100.0
2039	\$155,798,120	\$16,358,803	\$5,883,222	\$0	\$5,883,222	3.8	100.0
2040	\$162,809,035	\$17,094,949	\$6,147,968	\$0	\$6,147,968	3.8	100.0
2041	\$170,135,442	\$17,864,221	\$6,424,626	\$0	\$6,424,626	3.8	100.0
2042	\$177,791,536	\$18,668,111	\$6,713,734	\$0	\$6,713,734	3.8	100.0
2043	\$185,792,156	\$19,508,176	\$7,015,852	\$0	\$7,015,852	3.8	100.0
2044	\$194,152,803	\$20,386,044	\$7,331,566	\$0	\$7,331,566	3.8	100.0
2045	\$202,889,679	\$21,303,416	\$7,661,486	\$0	\$7,661,486	3.8	100.0
2046	\$212,019,714	\$22,262,070	\$8,006,253	\$0	\$8,006,253	3.8	100.0
2047	\$221,560,601	\$23,263,863	\$8,366,534	\$0	\$8,366,534	3.8	100.0
2048	\$231,530,828	\$24,310,737	\$8,743,028	\$0	\$8,743,028	3.8	100.0

* Calendar basis

** Beginning of Fiscal Year